

103D CONGRESS
1ST SESSION

S. 362

To amend the Internal Revenue Code of 1986 to restore the IRA deduction and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16 (legislative day, JANUARY 5), 1993

Mr. HEFLIN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to restore the IRA deduction and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RESTORATION OF THE IRA DEDUCTION.**

4 (a) IN GENERAL.—Section 219 of the Internal Reve-
5 nue Code of 1986 (relating to deduction for retirement
6 savings) is amended by striking subsection (g) and by re-
7 designating subsection (h) as subsection (g).

8 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

9 (1) Subsection (f) of section 219 of such Code
10 is amended by striking paragraph (7).

1 (2) Paragraph (5) of section 408(d) of such
2 Code is amended by striking the last sentence.

3 (3) Section 408(o) of such Code is amended by
4 adding at the end thereof the following new para-
5 graph:

6 “(5) TERMINATION.—This subsection shall not
7 apply to any designated nondeductible contribution
8 for any taxable year beginning after December 31,
9 1993.”.

10 (4) Subsection (b) of section 4973 of such Code
11 is amended by striking the last sentence.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 1993.

15 **SEC. 2. INFLATION ADJUSTMENT FOR DEDUCTIBLE**
16 **AMOUNT.**

17 (a) IN GENERAL.—Section 219 of the Internal Reve-
18 nue Code of 1986, as amended by section 1, is amended
19 by redesignating subsection (g) as subsection (h) and by
20 inserting after subsection (f) the following new subsection:

21 “(g) COST-OF-LIVING ADJUSTMENTS.—

22 “(1) IN GENERAL.—If the cost-of-living amount
23 for any calendar year is equal to or greater than
24 \$500, then each applicable dollar amount (as pre-
25 viously adjusted under this subsection) for any tax-

1 able year beginning in any subsequent calendar year
2 shall be increased by \$500.

3 “(2) COST-OF-LIVING AMOUNT.—The cost-of-
4 living amount for any calendar year is the excess (if
5 any) of—

6 “(A) \$2,000, increased by the cost-of-living
7 adjustment for such calendar year, over

8 “(B) the applicable dollar amount in effect
9 under subsection (b)(1)(A) for taxable years be-
10 ginning in such calendar year.

11 “(3) COST-OF-LIVING ADJUSTMENT.—For pur-
12 poses of this subsection—

13 “(A) IN GENERAL.—The cost-of-living ad-
14 justment for any calendar year is the percent-
15 age (if any) by which—

16 “(i) the CPI for such calendar year,
17 exceeds

18 “(ii) the CPI for 1992.

19 “(B) CPI FOR ANY CALENDAR YEAR.—The
20 CPI for any calendar year shall be determined
21 in the same manner as under section 1(f)(4).

22 “(4) APPLICABLE DOLLAR AMOUNT.—For pur-
23 poses of this subsection, the term ‘applicable dollar
24 amount’ means the dollar amount in effect under
25 any of the following provisions:

1 “(A) Subsection (b)(1)(A).

2 “(B) Subsection (c)(2)(A)(i).

3 “(C) The last sentence of subsection
4 (c)(2).”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 408(a)(1) of such Code is amended
7 by striking “in excess of \$2,000 on behalf of any in-
8 dividual” and inserting “on behalf of any individual
9 in excess of the amount in effect for such taxable
10 year under section 219(b)(1)(A)”.

11 (2) Section 408(b)(2)(B) of such Code is
12 amended by striking “\$2,000” and inserting “the
13 dollar amount in effect under section 219(b)(1)(A)”.

14 (3) Section 408(j) of such Code is amended by
15 striking “\$2,000”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 1993.

19 **SEC. 3. COORDINATION OF IRA DEDUCTION LIMIT WITH**
20 **ELECTIVE DEFERRAL LIMIT.**

21 (a) IN GENERAL.—Section 219(b) of the Internal
22 Revenue Code of 1986 (relating to maximum amount of
23 deduction) is amended by adding at the end thereof the
24 following new paragraph:

1 “(4) COORDINATION WITH ELECTIVE DEFER-
 2 RAL LIMIT.—The amount determined under para-
 3 graph (1) or subsection (c)(2) with respect to any
 4 individual for any taxable year shall not exceed the
 5 excess (if any) of—

6 “(A) the maximum amount of elective de-
 7 ferrals of the individual which are excludable
 8 from gross income for the taxable year under
 9 section 402(g)(1), over

10 “(B) the amount so excluded.”.

11 (b) CONFORMING AMENDMENT.—Section 219(c) of
 12 such Code is amended by adding at the end thereof the
 13 following new paragraph:

14 “(3) CROSS REFERENCE.—

**“For reduction in paragraph (2) amount, see sub-
 section (b)(4).”.**

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 December 31, 1993.

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